BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268–0001

ANNUAL COMPLIANCE REVIEW, 2022

Docket No. ACR2022

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-4 OF CHAIRMAN'S INFORMATION REQUEST NO. 20**

The United States Postal Service hereby provides its responses to the above-

listed questions of Chairman's Information Request No. 20, issued on March 21, 2023.

Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 20

1. Please refer to the Postal Service's table listing "FY 2022-FY 2023 Targets and FY 2019–FY 2022 Actuals for Corporate-wide Performance Outcomes" on page 33 of the *FY 2022 Annual Report*.

    a. Please provide an updated table that includes High-Quality Service performance indicator results for each quarter of FY 2022.

    b. If the Postal Service cannot provide High-Quality Service performance indicator results for each quarter of FY 2022, please explain why.

RESPONSE:

      a.

Goal	Measure	FY2022 Actual	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4
High-Quality Service	Single-Piece First-Class Mail					
	Two-Day	91.34	90.30	90.04	92.46	92.19
	Three-to-Five-Day	83.62	78.58	77.62	87.64	88.57
	Presort First-Class Mail					
	Overnight	94.92	94.76	94.10	95.43	95.30
	Two-Day	93.36	92.12	92.14	94.58	94.35
	Three-to-Five-Day	91.49	89.98	87.51	94.10	93.86
	First-Class Mail Letter & Flat (FCLF) Composite	91.00	89.09	87.88	93.29	93.11
	Marketing Mail & Periodical Composite	92.86	91.82	91.55	94.20	94.46
	Market Dominant Composite	92.14	90.75	90.15	93.90	93.90

      b.   Not applicable.

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2. Please refer to Docket No. ACR2022, Library Reference USPS-FY22-29, folder "MD serv perf results," Excel file "FY22 ACR First Class Mail.xlsx," tab "FCM On-Time Performance,"[1] and the *FY 2022 Annual Report* at 33.

    a.   Please confirm that the "Single-Piece First-Class Mail Two-Day" performance result for FY 2022 was 91.34 as reported in the *FY 2022 Annual Report*.

        i.   If confirmed, please explain the discrepancy between this figure and the corresponding figure in the referenced Excel file of 91.61.

        ii.   If not confirmed, please explain.

    b.   Please confirm the "Single-Piece First-Class Mail Three-to-Five-Day" performance result for FY 2022 was 83.62 as reported in the *FY 2022 Annual Report*.

        i.   If confirmed, please explain the discrepancy between this figure and the corresponding figure in the referenced Excel file of 83.82.

        ii.   If not confirmed, please explain.

    c.   Please confirm the "Presort First-Class Mail Overnight" performance result for FY 2022 was 94.92 as reported in the *FY 2022 Annual Report*.

        i.   If confirmed, please explain the discrepancy between this figure and the corresponding figure in the referenced Excel file of 95.08.

        ii.   If not confirmed, please explain.

    d.   Please confirm the "Presort First-Class Mail Two-Day" performance outcome for FY 2022 was 93.36 as reported in the *FY 2022 Annual Report*.

        i.   If confirmed, please explain the discrepancy between this figure and the corresponding figure in the referenced Excel file of 93.40.

        ii.   If not confirmed, please explain.

    e.   Please confirm the "Presort First-Class Mail Three-to-Five-Day" performance result for FY 2022 was 91.49 as reported in the *FY 2022 Annual Report*.

        i.   If confirmed, please explain the discrepancy between this figure and the corresponding figure in the referenced Excel file of 91.41.

        ii.   If not confirmed, please explain.

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[1] In this question, figures from this Excel file are rounded to two decimal places for the purposes of comparison.

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RESPONSE:

    a.   Confirmed.

        i.   The service performance score in the FY 2022 Annual Report is a composite score for all mail shapes (Letters/Postcards/Flats) for Single-Piece First-Class Mail Two-Day. The data in folder "MD serv perf results," Excel file "FY22 ACR First Class Mail.xlsx," tab "FCM On-Time Performance" are disaggregated by mail shape.

        ii.   Not applicable.

    b.   Confirmed.

        i.   The service performance score in the FY 2022 Annual Report is a composite score for all mail shapes (Letters/Postcards/Flats) for Single-Piece First-Class Mail Three-to-Five-Day. The data in folder "MD serv perf results," Excel file "FY22 ACR First Class Mail.xlsx," tab "FCM On-Time Performance" are disaggregated by mail shape.

        ii.   Not applicable.

    c.   Confirmed.

        i.   The service performance score in the FY 2022 Annual Report is a composite score for all mail shapes (Letters/Postcards/Flats) for Presort First-Class Mail Overnight. The data in folder "MD serv perf results," Excel file "FY22 ACR First Class Mail.xlsx," tab "FCM On-Time Performance" are disaggregated by mail shape.

      ii.   Not applicable.

d.   Confirmed.

      i.   The service performance score in the FY 2022 Annual Report is a composite score for all mail shapes (Letters/Postcards/Flats) for Presort First-Class Mail Two-Day. The data in folder "MD serv perf results," Excel file "FY22 ACR First Class Mail.xlsx," tab "FCM On-Time Performance" are disaggregated by mail shape.

      ii.   Not applicable.

e.   Confirmed.

      i.   The service performance score in the FY 2022 Annual Report is a composite score for all mail shapes (Letters/Postcards/Flats) for Presort First-Class Mail Three-to-Five-Day. The data in folder "MD serv perf results," Excel file "FY22 ACR First Class Mail.xlsx," tab "FCM On-Time Performance" are disaggregated by mail shape.

      ii.   Not applicable.

3.   Please refer to response to Chairman's Information Request No. 17, and the *FY 2022 Annual Report* at 33.[2] Please provide workpapers containing the calculation of the High-Quality Service performance indicator results, including those filed under seal.

RESPONSE:

See table below with the numerator and the denominator for High-Quality Service

performance indicator results for Market Dominant products. Data for Competitive

products are filed under seal.

Goal	Measure	FY2022 Actual	Total Measured Volume	On-Time Volume
High-Quality Service	Single-Piece First-Class Mail			
	Two-Day	91.34	7,131,194,018	6,513,798,908
	Three-to-Five-Day	83.62	4,532,543,936	3,790,034,142
	Presort First-Class Mail			
	Overnight	94.92	2,127,257,789	2,019,109,124
	Two-Day	93.36	2,358,812,105	2,202,255,218
	Three-to-Five-Day	91.49	17,053,327,948	15,602,174,420
	First-Class Mail Letter & Flat (FCLF)	91.00	33,203,135,796	30,214,599,640
	Marketing Mail & Periodical Composite	92.86	49,836,780,484	46,278,789,101
	Market Dominant Composite	92.14	83,214,307,678	76,675,512,990

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[2] Responses of the United States Postal Service to Questions 1-11 of Chairman's Information Request No. 17, March 10, 2023, question 2.

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4.   Please refer to the *FY 2022 Annual Report* at 46. Please explain the process
          and factors the Postal Service considers in estimating planned FY 2023 Shipping
          and Packages revenues. In the response, please specifically confirm whether
          the Postal Service considers projections of U.S. e-commerce growth in
          estimating such revenues.

   a.   If confirmed, please provide the projected level of U.S. e-commerce
          growth for FY 2023 and its relation, if any, to projected FY 2023 Shipping
          and Packages revenues.

   b.   If not confirmed, please explain why the Postal Service does not consider
          projections of U.S. e-commerce growth in forecasting Shipping and
          Package revenues.

RESPONSE:

The planned FY 2023 Shipping and Packages revenues shown on page 46 of the *FY
2022 Annual Report* originate (as indicated at the top of the column) from the Integrated
Financial Plan (IFP). The IFP estimates for Shipping and Packages are not projected in
the aggregate, but instead reflect the sum of the forecasts for the various products that
are encompassed within that category (as described on page 47 of the *Annual Report*).
First, volume forecasts are developed for the various products, and from those volume
forecasts the revenue forecasts by product are then developed. A detailed explanation
of the process and factors considered when developing the volume estimates by
product was most recently provided in the Postal Service' periodic reporting filing of July
1, 2022, of the Narrative Explanations of Econometric Demand Equations for Market
Dominant and Competitive Products. (The Narrative Explanations submitted on July 1,
2022, related to the demand analysis materials filed with the Commission on January
20, 2022. A more recent set of demand analysis materials, which included information
on the FY 2023 forecasts included therein, were submitted on January 20, 2023.

Updated Narrative Explanations specifically relating to those January 2023 materials will be submitted at the beginning of July 2023.) The Shipping and Packages category (as detailed on page 6 of the FY 2022 Form 10-K Report filed on November 10, 2022) includes both Competitive and Market Dominant products. Therefore, to fully understand all of the factors considered when forecasting Shipping and Packages, it is necessary to examine both the Competitive and the Market Dominant Narrative Explanations and related demand analysis materials. It can be confirmed, however, that the Postal Service considers projections of U.S. e-commerce growth (expressed in real, constant dollar, terms) when forecasting volumes for many of the Shipping and Packages products, and those volume projections then feed into the revenue projections.

a.   The projected change (growth or decline) in U.S. e-commerce for any given time period (such as FY 2023) can vary depending on the exact time at which the projection is made, resulting in different projections made at different times. Specifically with respect to the projected level of FY 2023 real U.S. e-commerce growth implicit in the quarterly data employed in the IFP forecast underlying the table on page 46 of the *FY 2022 Annual Report*, however, the aggregate annual change projected for FY 2023 relative to FY 2022 would be calculated as growth of approximately 2.98 percent. The actual projected quarterly values are used to forecast the volumes for the various affected products, but the effects of those quarterly e-commerce levels on product volume varies by product, depending on the econometrically-estimated elasticity of the

e-commerce variable (expressed in real terms), which is separately estimated for each product. Those elasticities are positive, however, indicating a relationship in which the expected positive growth in e-commerce in FY 2023 led to higher forecasted volumes and revenues for that period, relative to an alternative scenario assuming lower (or zero or negative) growth in e-commerce.

b.   Not applicable.